

Title: E.B. Villarosa & Partner Co., Ltd. vs. Hon. Herminio I. Benito and Imperial Development Corporation

Facts:

The petitioner, E.B. Villarosa & Partner Co., Ltd., a limited partnership involved in housing development, entered into a Deed of Sale with Development Agreement with the respondent, Imperial Development Corporation, concerning development of land in Cagayan de Oro into a housing subdivision. The agreement included a stipulation for Makati courts' venue in case of litigation. The Imperial Development Corporation filed a complaint for breach of contract and damages in the Makati Regional Trial Court (RTC) on April 3, 1998, citing Villarosa's failure to comply with contractual obligations. Summons were served on Villarosa through its branch manager in Cagayan de Oro City. Villarosa moved to dismiss the case, arguing improper service of summons, as service was not made to any of the individuals specified in Section 11, Rule 14 of the 1997 Rules of Civil Procedure who are authorized to receive summons for a corporation. The trial court denied the motion to dismiss and motion for reconsideration, proceeding with the case.

Issues:

The central legal issue revolves around proper service of summons on a corporate defendant under the 1997 Rules of Civil Procedure of the Philippines—specifically, whether the trial court acquired jurisdiction over the petitioner upon service of summons on its Branch Manager, instead of upon individuals explicitly mentioned in Section 11, Rule 14 of the 1997 Rules, such as the president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel.

Court's Decision:

The Supreme Court ruled in favor of the petitioner, E.B. Villarosa & Partner Co., Ltd., stating that the service of summons upon the branch manager of the petitioner at its branch office, rather than upon the general manager at the principal office, was improper. The Supreme Court emphasized a strict interpretation of the rules regarding the service of summons as outlined in the 1997 Rules of Civil Procedure. Consequently, the RTC did not acquire jurisdiction over the person of the petitioner due to the improper service of summons. The Supreme Court annulled and set aside the orders of the trial court and declared its decisions and issuances in connection with Civil Case No. 98-824 as null and void.

Doctrine:

The Supreme Court reiterates the importance of strict compliance with the rules on the service of summons for corporations under the 1997 Rules of Civil Procedure. The ruling underscores that service of summons must be made upon the specific individuals mentioned in Section 11, Rule 14 of the 1997 Rules, for a court to acquire jurisdiction over a corporation. This strict interpretation aims to ensure that the corporation receives proper notice of actions against it, facilitating just and efficient proceedings.

Class Notes:

- **Jurisdiction Over Corporate Defendants:** For courts to acquire jurisdiction over a corporation, service of summons must strictly comply with Section 11, Rule 14 of the 1997 Rules of Civil Procedure, which specifies the individuals who are authorized to receive summons on behalf of the corporation.
- **Proper Service of Summons:** The rules stipulate that summons for a corporation can be served on the president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel. This provision is exclusive and restrictive, emphasizing the necessity for service of summons to be upon individuals who have sufficient authority within the corporation.
- **Implications of Improper Service:** The failure to properly serve summons as delineated under the rules results in the lack of jurisdiction over the corporation, making any proceedings or decisions of the trial court null and void in the case.

Historical Background:

The resolution of this case by the Supreme Court illustrates the judicial emphasis on the procedural aspect of proper service of summons to corporations within the Philippine legal system. The refinement from the previous Rules of Court to the 1997 Rules of Civil Procedure reflects an evolutionary process aimed at clarifying and tightening the requirements for corporate summons service. This change underscores the commitment to ensuring that corporations are duly notified of legal actions against them in a manner that respects their organizational structure and operational dynamics.